



# EARNINGS RELEASE

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**1Q21**



Earnings Teleconference:  
Portuguese/English  
Date: 14-May-2021  
Time:  
Brasília: 11:00 a.m.  
New York: 10:00 a.m.  
London: 3:00 p.m.  
Webcast: [ri.cea.com.br](http://ri.cea.com.br)



*Barueri, May 13, 2021 – C&A Modas S.A. (B3: CEAB3) a leading fashion retailer in Brazil, hereby discloses its earnings for the first quarter of 2021 (1Q21). Unless otherwise stated, the financial and operating information that follows is presented on a consolidated basis, as per Brazilian Corporate Law. The statements are submitted in Reals, and unless stated otherwise all growth rates refer to the same period in 2020.*



# HIGHLIGHTS

## 1Q21 – C&A.

This quarter was again impacted by the pandemic, with stores completely closed or working reduced hours, and increased feelings of insecurity among customers. As a result, **total net revenue for the quarter** was R\$ 776.1 million, 20.6% below 1Q20. Same-store sales (SSS) decreased 21.7%.

Omnichannel operations and our marketplace, Galeria C&A, continued to evolve, and our **GMV (1P+3P)** reached R\$ 139.2 million, a 178.4% growth.

**Total gross margin** dropped 3.6 percentage points (pp) to 45.2%.

**Operating Revenue and (Expenses)** were R\$ 520.1 million, 1.2% less than 1Q20.

As a result, **adjusted EBITDA** in the quarter was negative R\$ 133.8 million.

**Investments** in 1Q21 totaled R\$ 70.7 million, an 111.0% increase.

indicadores	1Q21	1Q20	▲
GVM (1P+3P) (R\$ MM)	139.2	50.0	178.4%
Total Net Revenue (R\$MM)	776.1	976.9	-20.6%
Same Store Sales (N)	-21.7%	-9.7%	-12.0p.p.
Total Gross Margin (%)	45.2%	48.8%	-3.6p.p.
Operating (income) expenses (R\$MM)	(520.1)	(526.3)	-12%
EBITDA from Retailing Operation (R\$MM)	(70.7)	61.2	R\$131.9
EBITDA (R\$MM)	(37.3)	78.1	-R\$115.4
EBITDA margin (%)	-4.8%	8.0%	-12.8p.p.
Adjusted EBITDA* (R\$MM)	(133.8)	4.2	-R\$138.0
Adjusted EBITDA margin (%)	.17.2%	0.4%	.17.6p.p.
Net Income (loss) (R\$MM)	(138.5)	(55.4)	150.0%
Investments	70.7	33.5	111.0%

(\*) 1P – first-party relationship or direct sales, 3P – third-party relationship or marketplace sales

(\*\*) SSS: same store sales. This is the sales of stores active for more than 13 months compared to the same period of the prior year, including all forms of e-commerce sales and delivery (100% online, ship-from-store and click-and-collect).

(\*\*\*) Pursuant to Article 4, CVM Instruction 527, the Company has chosen to show Adjusted EBITDA as in the above table in order to provide information which best reflects the gross operational cash generation from its activities. The adjustment are: (i) Other net operating income (expenses); (ii) Financial Income of Supplier; (iii) Tax Credit Recovery; and (iv) Commercial Lease Payments (IFRS16).



A photograph of a young woman with voluminous curly hair and a young man, both smiling. The woman is wearing a bright green ribbed top with a small Pantone logo on the chest. The man is wearing a purple t-shirt. They are positioned against a solid purple background. The woman's arms are around the man's shoulders.

# MESSAGE FROM MANAGEMENT

After a full year of growth and deliveries while dealing with huge and relatively unknown challenges, we started 2021 more optimistic and engaged in executing our growth plan. The levers for this plan have been presented and detailed and are now in the implementation phase, resulting from a level of investment the Company has long been waiting for. The levers of digital transformation and modernizing the supply chain will be focus, as we are cognizant of the importance these have in building C&A Fashion Tech.

However, the public health scenario worsened a great deal during the quarter, with new restrictions imposed to maintain social isolation and contain the spread of Covid-19. As a result, during the first quarter the average number of store hours available dropped to 61%, and even only 22.8% in March. Our surveys also show a worsening of customer feelings regarding the pandemic, impacting their behavior and willingness to consume.

Combined, these factors pushed our sales performance down this past quarter, to a reduction of 20.6% - despite the robust growth of our online revenue of 176%. As most of the municipal decrees requiring merchants to close expire in April, we expect sales will start to recover, albeit gradually.





# MESSAGE FROM MANAGEMENT

With the worsening scenario this quarter, the crisis committee resumed more frequent meetings and reinforced safety protocols, with new communication campaigns and manager awareness. Contingencies for expenses and investments, which are part of this scope, have been resumed.

We are also starting to discuss the emotional health of our employees, which requires special care right now as some have been working from home for a long time, and others were forced once again to stay home due to store closures. We are encouraging managers to remain close to their teams and are running employee surveys to understand what they are going through to develop focused action plans.

Although we are all feeling frustrated as the year did not start out as well as we had expected, we remain focused on our growth plan and on developing C&A Fashion Tech, the digital fashion company with the best understanding of Brazilian women, with B&M stores and lots of emotional connection. The goal for this year is to preserve the original growth plan as much as possible while ensuring a solid financial position.



A woman with short dark hair, smiling, is holding a blue garment in a factory setting. She is wearing a pink shirt. The background shows a large industrial space with many fluorescent lights and other workers in the distance.

# ONCE AGAIN, WE MUST MANAGE TWO HORIZONS.

on the one hand we have our short-term horizon, which challenges our results but presents opportunities to approach our customer in different ways and with more assortment offers and, on the other, we envisage a completely reinvented company with a sustainable agenda for growth, one that is more present, technological, competitive and agile so we become a customer's first choice as a platform to use fashion for democratic expression.



# GROWTH PLAN LEVERS.

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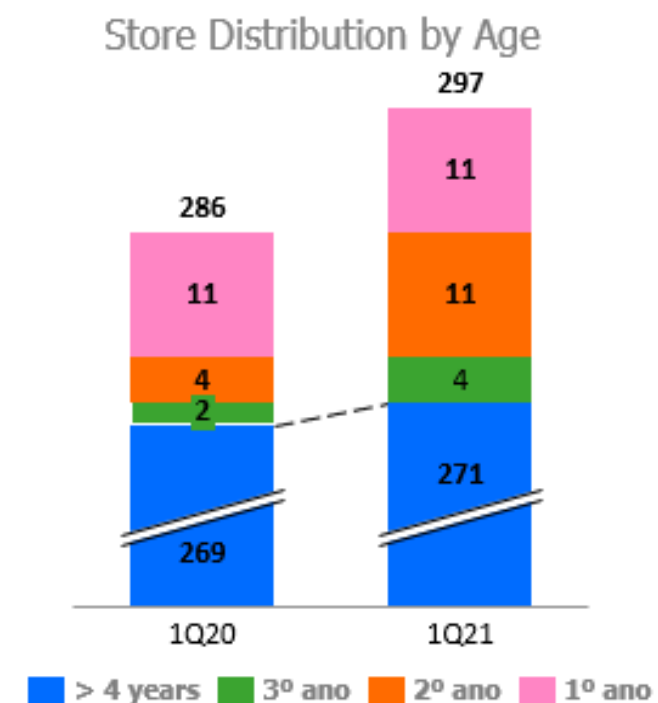
# NEW STORES AND FORMATS.

We opened two new stores in the first quarter, one in Shopping Jardim Oriente in São José dos Campos, in the interior of São Paulo, and another in the Catuaí Palladium Shopping mall in Foz do Iguaçu in the southern part of Brazil. The former is 1,828 m<sup>2</sup> and the latter 1,400 m<sup>2</sup>. Both stores are modern and intuitive, offering a wide range of products, different looks, accessories, ACE sportswear, footwear and fashiontronics.

These stores already offer all C&A omnichannel features: click and collect, ship-from-store, endless aisles and WhatsApp sales.

This brought our total to 297 stores across Brazil, 271 of which, or 91%, have been in operation for more than 4 years. Given the scenario in 1Q21, we postponed the opening of new mini-stores as they are located in high-traffic areas where it would be difficult to avoid crowds.

	1Q21	1Q20	Δ
<b>Stores</b>	<b>297</b>	<b>286</b>	<b>11</b>
New	2	1	1
Closed	0	2	-2
Remodeled	0	5	-5
<b>Sales area (thousand m<sup>2</sup>)</b>	<b>562</b>	<b>544</b>	<b>18</b>





# DIGITAL TRANSFORMATION.

In digital transformation we started two new projects: implementation of a new CRM (Customer Relationship Manager) to support our sales force, especially WhatsApp sales, and the hiring of PLM (Product Lifecycle Management). This system helps product development teams by consolidating all of the data, from creation to product delivery.

Regarding our omnichannel activities, click and collect, ship-from-store, endless aisles, and WhatsApp sales are now available in all our stores. We also continue to evolve in Minha C&A (My C&A), with 740 influencer stores registered at the end of 1Q21.

Our relationship program C&A&VC now has 15.3 million registered customers, who account for 65% of sales. Still on the topic of customers, our e-commerce active customers grew 67%. It is important to remember that the basis for comparison will become increasingly challenging.

Omnichannel Indicators	Unit	1Q21	1Q20	▲
App				
MAU (monthly active users)	thousand end of period	3,288	939	250%
App Installs	thousand end of period	1,410	771	83%
Relationship Program C&A&VC				
# customer C&A&VC (C&A & YOU)	million end of period	15.3	10.3	49%
% of revenues from C&A&VC customers	%	65%	53%	12.0 p.p.
Galeria C&A (marketplace)				
# sellers	end of period	338	10	3,280%

Source: Google Analytics (active users 28 days – Android + IOS); Appsflyer (Android+IOS); internal systems

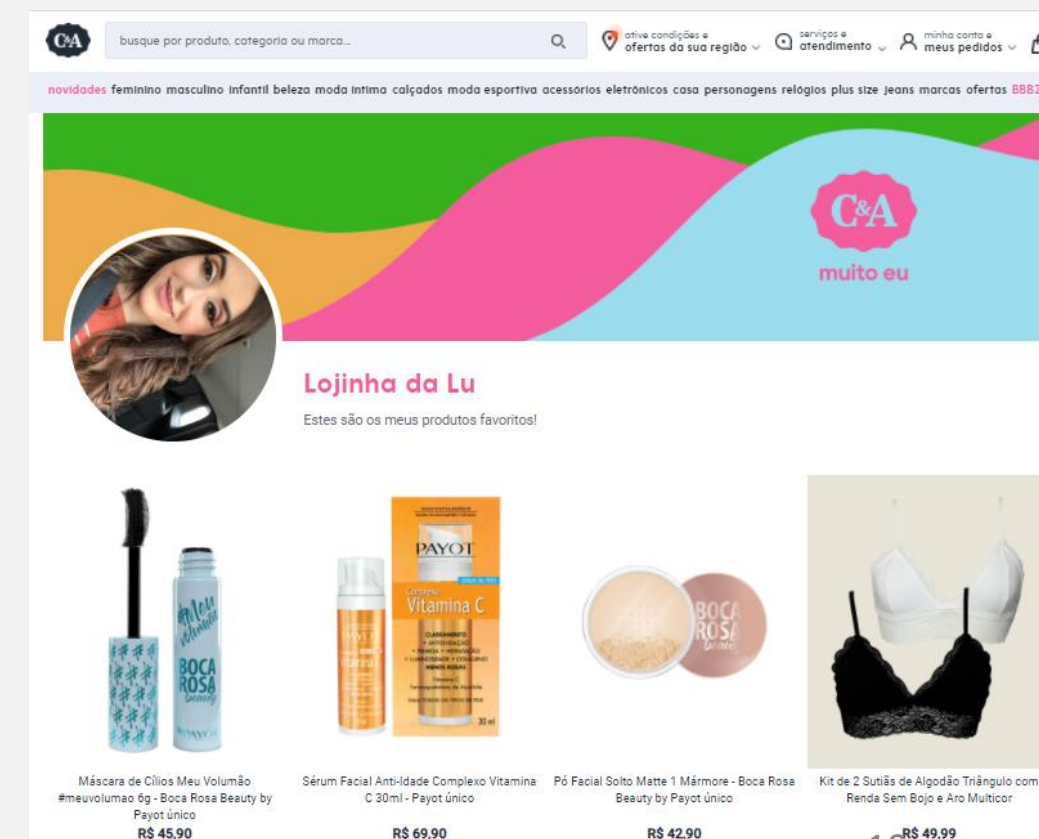
We ended the quarter with 338 sellers in our Galeria C&A – our marketplace, and continue to work on functionalities such as registration and campaign integration to unlock sales, and have started a pilot of a seller interface portal, unifying data and contacts in a single location to facilitate management.

Following the encouraging results in 2020, we embarked on a new program with Endeavor to partner with scale-ups that will work with us and contribute innovative solutions.





Basta acessar o **"WhatsApp"** oficial da C&A, por lá tem sempre um consultor especializado pronto para te ajudar.





# MODERNIZING THE SUPPLY CHAIN.

We continued to advance in modernizing our supply chain this quarter. We are keeping a close eye on this given the complexity and impact of the projects.

This lever is split into three fronts: (i) distribution network; (ii) omnichannel operations; (iii) technology. Below is the main progress made on each front:

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**Distribution Network:** we continue on schedule to import two additional sorters (these enable distribution by SKU rather than packages). The second sorter will arrive in Brazil in 2Q21 and should be in operation as soon as it is assembled. The third sorter should be in operations in the second half of the year. This, plus the other technologies in this lever will enable us to continue implementing our Push Pull model in the coming quarters.

**Omnichannel Operations:** we continue to aim to provide more efficient and better services to our customer in this regard. We are improving the operation of our 14 ship-from-store hub stores, optimizing processes and training teams - right now, we process up to 1,000 orders a day in the main hubs. In the second half of the year we will expand to 23 hubs to better serve our customers. We are also focused on continuously improving our shipping matrix to reduce delivery times, now at 3.3 days between order capture and delivery. Across the country 44% of our sales are delivered in two days, regardless of route and type of delivery (local, state, national). In locations such as São Paulo, 70% of orders are delivered in 2 days. Implementation of automation (OSR Shuttle - KNAPP) in our e-commerce CD is on schedule for the second half of the year.

**Technology:** We are implementing Manhattan Active, our new Warehouse Management System (WMS) that enables real-time digital control of the CD's entire logistics operation using machine learning and other technologies. This new system will allow us to optimize the productivity of our operations with more advanced tools. We will also be able to scale up our Push Pull model and increase automation (sorters, Shuttle, etc.), preparing our logistics platform for digital and omnichannel evolution.

Still on the technology front, we have our radiofrequency or RFID label project. We have started rolling out this project to other stores, following the pilot completed in 2020. In addition to the 9 stores with the full assortment using RFID tags, by the end of the quarter there were another 22 stores and 38 suppliers in the project, which is being implemented in matrix form.



# CREDIT OFFERING.

Credit is a critical variable for retailers in Brazil, and we continue in intense negotiations with our partner Bradescard to find new formats, terms and products that will help us increase the supply of credit available to consumers who buy at C&A stores..

The credit industry has undergone major changes, as regulators allow new structures in an attempt to make credit more accessible.

This has led to several new players, some of whom focus on different segments off the value chain and enable different ways to rethink the credit industry. Because this topic is so important, we are capacitating and looking at the different range of possibilities that currently exist.





# COMMENTS ON THE COMPANY'S FINANCIAL PERFORMANCE.

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# NET REVENUE

In the first quarter, net revenue was R\$ 776.1 million, 20.6% less than in 1Q20.

Revenue from apparel dropped 20.8%, and revenue from fashiontronics dropped 25.5%. Both categories were heavily impacted by the restrictions imposed in the quarter to contain the Covid-19 pandemic.

The larger drop in Fashiontronics was the result of a (i) robust basis of comparison due to the "consumer week" event held in March 2020, not repeated this year as most stores were closed that month, and (ii) temporary shortages of electronics, in particular cell phones, early in the quarter. Same-store sales (SSS) dropped 21.7% compared to 1Q20. Apparel SSS dropped 20.6% and Fashiontronic SSS dropped 25.5%.

R\$ million	1Q21	1Q20	Δ
Total Net Revenue	776.1	976.9	-20.6%
Apparel	565.5	713.7	-20.8%
Fashiontronics	142.9	191.8	-25.5%
Revenue from Merchandise Sales	708.4	905.5	-21.8%
Financial Services – Bradescard Partnership	62.5	68.2	-8.4%
Other Revenues	5.2	3.2	62.5%
Same Store Sales*	-21.7%	-9.7%	-12.0p.p.
Apparel	-20.6%	-8.9%	-11.7p.p.
Fashiontronics	-25.5%	-2.2%	-13.3p.p.
R\$ milhões	1Q21	1Q20	Δ
GMV – gross merchandise value on-line total (1P+3P)**	139.2	50.0	178.4%
Online Revenue	106.6	38.6	176.2%

\* SSS: Growth in same store sales. This is comprised of sales in stores in activity for more than 13 months compared to the same period in the previous year. It includes e-commerce and all types of sales delivered (100% online, ship-from-store and click-and-collect).

\*\* 1P – first-party relationship or direct sales, 3P – third-party relationship or marketplace sales

Focusing on online sales, Gross Merchandise Volume (GMV), which includes our own sales and those of sellers on our marketplace, increased 178.4% to R\$ 139.2 million. Net revenue from C&A's online sales totaled R\$ 106.6 million, a 176.2% growth.

Net revenue from Financial Services, our partnership with Bradescard, was R\$ 62.5 million, an 8.4% drop.

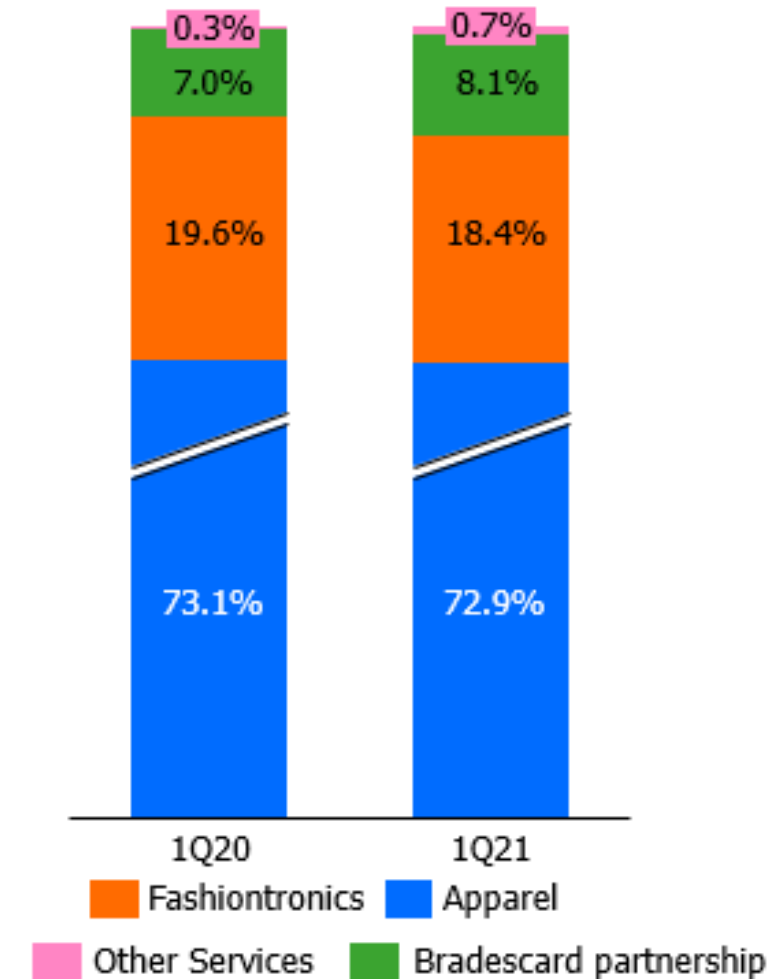
Other revenue increased 62,5% in 1Q21, to R\$ 5.2 million. This increase is primarily due to shipping revenue from customer deliveries, an increase in the commission from Galeria C&A sellers and cell phone operators.



# NET REVENUE BY BUSINESS

When we look at how net income breaks down this quarter, the share of apparel dropped very slightly.

The share of Fashiontronics was smaller this quarter, largely due to the success of the consumer week in March 2020, creating a very strong basis for comparison. The share of financial services increased with the sale of the credit portfolio and a reversal of provisions made by our partner *Bradescard*.





# GROSS PROFIT AND MARGIN

Gross profit in the first quarter totaled R\$ 350.9 million, 26.3% below 1Q20. Total gross margin was 45.2%, 3.6 pp lower, primarily due to a drop in gross margining from apparel, the largest category.

Gross margin in apparel dropped 5.9 pp to 46.4%, primarily due to cost pressure from domestic suppliers, passing along the impact of the exchange rate, and a promotional environment with players looking to encourage sales in light of new operating restrictions. The margin in Fashiontronics dropped 2.9 pp to 18.4% due to more intense competition.

Gross profit from financial services dropped 8.4%, in line with revenue. Others gross profit was close to zero, better than the negative R\$ 5.3 million in 1Q20.

RS millions on except margin	1Q21	1Q20	△
<b>Total Gross Profit</b>	350.9	476.5	-26.4%
Apparel	262.5	373.1	-29.6%
Fashiontronics	26.3	40.9	-35.7%
<b>Merchandise Gross Profit</b>	288.8	414.0	30.2%
Financial Services Gross Profit – Bradescard Partnership	62.2	67.9	-8.4%
Other Gross Losses	(0.1)	(5.4)	-98.1%
<b>Total Gross Margin</b>	45.2%	48.8%	-3.6p.p.
Apparel Gross Margin	46.4%	52.3%	-5.9p.p.
Fashiontronics Gross Margin	18.4%	21.3%	-2.9p.p.
<b>Merchandise Gross Margin</b>	40.8%	45.7%	-4.9p.p.



# OPERATING (EXPENSES) AND REVENUE

Operating expenses in the quarter added up to R\$ 520.1 million, 1.2% below 1Q20.

Sales expenses were R\$ 448.4 million, an 8.5% increase. The main reason for this was the increase in advertising expenses with the Big Brother Brasil marketing campaign.

If we exclude this, sales expenses would have increased only 3.0%. One factor that helped sales expenses was a reduction in personnel costs due to agreements signed with the unions where our stores closed are located. This was a proactive measure on the part of the company as job protection measures have not been enacted this year.

RS millions	1Q21	1Q20	Δ
<b>Operating (expenses) income*</b>	(520.1)	(526.3)	-1.2%
<i>Selling expenses</i>	(448.4)	(413.2)	8.5%
<i>General and administrative expenses</i>	(78.1)	(109.3)	-28.6%
<b>Total selling and G&amp;A Expenses</b>	(526.5)	(522.5)	0.8%
<b>Total selling and G&amp;A Expenses s/ total net revenue</b>	67.8%	53.5%	14.3p.p.
<i>Other operating income (expenses)</i>	6.4	(3.8)	R\$10.2
<b>Operating (expenses) income/Total net revenue</b>	67.0%	53.9%	13.1p.p.

\*Expenses consider the impact of the lease payment, in accordance with IFRS16 accounting standard. Information excluding this impact is available in the fundamentals spreadsheet on C&A's IR website

General and administrative expenses dropped 28.6% to R\$ 78.1 million, mostly due to the reversal of R\$ 41.4 million in labor contingencies and lower occupancy costs, in part because of discounts negotiated and in part because of our small office footprint with employees permanently in home office during some days of the week.

Other Operating Revenue and Expenses amounted to R\$ 6.4 million in revenue.



# FINANCIAL SERVICES : BRADESCARD PARTNERSHIP.

C&A partnered with Bradesco to offer a number of financial products and services to its customers, such as C&A card issuing and administration, personal loans and insurance.

In the first quarter of the year, revenue from this partnership added up to R\$ 62.5 million, an 8.4% drop. This is largely due to the impact the pandemic has had on our business since early last year, shrinking our portfolio and average accounts receivable by 15.6% in 1Q21. Once again, our partner sold part of the portfolio, which had a positive impact this quarter. The 43.5% drop in financial services expenses is the result of reimbursement of personnel expenses and adjustments in our sales force as stores remained closed.

R\$ million	1Q21	1Q20	△
Financial Services Net Revenues - Bradescard Partnership	62.5	68.2	-8.4%
<b>Financial Services Gross Profit</b>	<b>62.2</b>	<b>67.9</b>	<b>-8.4%</b>
(-) Financial Services Expenses - Selling	(28.8)	(51.0)	-43.5%
<b>(=) Financial Services Result</b>	<b>33.4</b>	<b>16.9</b>	<b>R\$16.5</b>
	1Q21	1Q20	△
Average Trade Receivables (R\$ billions)	2.7	3.2	-15.6%
% of sales	15.5%	20.3%	-4.8p.p.
Number of new cards (thousand)	137.9	179.5	-23.2%
Number of active cards (million)	2.7	5.2	-48.1%
Delinquency Rate* (%)	1.1%	5.6%	-4.5p.p.

\*Net Losses /Portfolio

Default is calculated as annualized net recovery losses divided by the net average of accounts receivable in the quarter. This quarter default rates dropped 4.5 pp to 1.1%, primarily due to fewer new cards issued and the sale of the portfolio mentioned above.

Payment method	1Q21	1Q20	△
<b>Cash payment</b>	<b>36.1%</b>	<b>35.3%</b>	<b>1p.p.</b>
<b>Bradescard partnership Cards</b>	<b>15.5%</b>	<b>20.3%</b>	<b>-5p.p.</b>
Up to 5 installments	8.2%	10.8%	-3p.p.
More than 5 installments	3.1%	3.3%	-0p.p.
Other	4.2%	6.2%	-2p.p.
<b>Third party Cards</b>	<b>48.4%</b>	<b>44.4%</b>	<b>4p.p.</b>
Up to 3 installments	26.6%	26.2%	0p.p.
More than 3 installments	13.6%	10.2%	3p.p.
Other	8.2%	8.0%	0p.p.

The reduction of C&A cards, a partnership with Bradescard, to 15.5% of sales (5 pp drop) was absorbed by third-party cards, unlike previous quarters when these sales were taken up by lump-sum sales.



# ADJUSTED EBITDA.

Adjusted EBITDA in 1Q21 was negative R\$ 133.8 million, a drop of R\$ 138.0 million from the positive EBITDA in 1Q20.

Adjusted EBITDA margin was negative 17.2%, a 17.6 pp drop due to store closures and limitations on business hours as a result of government measures to contain the pandemic.

R\$ million except margin	1Q21	1Q20	▲
<b>Profit (Losses)</b>	<b>(138.5)</b>	<b>(55.4)</b>	<b>150.0%</b>
(+) Income Tax	(68.8)	(33.5)	105.4%
(+1-) Net Financial Result	38.3	38.9	-1.5%
(+) Depreciation and Amortization	131.7	128.1	2.8%
<b>(*) EBITDA</b>	<b>(37.3)</b>	<b>78.1</b>	<b>-R\$115.4</b>
(+/-) Other net operating income (expenses)	(2.0)	4.3	-R\$6.3
(+) Financial Income of Supplier	3.6	8.6	-58.1%
(-) Tax Credit Recovery	(4.4)	(0.5)	780.0%
(-) Commercial Lease Payments	(93.7)	(86.3)	8.6%
<b>(=) Adjusted EBITDA*</b>	<b>(133.8)</b>	<b>4.2</b>	<b>-R\$138.0</b>
<b>Adjusted EBITDA Margin*</b>	<b>-17.2%</b>	<b>0.4%</b>	<b>-17.6p.p.</b>

\*Pursuant to Article 4, CVM Instruction 527, the Company has chosen to show Adjusted EBITDA as in the above table in order to provide information which best reflects the gross operational cash generation from its activities. The adjustment are: (i) Other net operating income (expenses); (ii) Financial Income of Supplier; (iii) Tax Credit Recovery; and (iv) Commercial Lease Payments (IFRS16)



# FINANCIAL RESULTS.

In 1Q21 financial results were an expense of R\$ 38.3 million, almost unchanged compared to 1Q20. This is due to the increase in interest on finance expense loans, as the Company had no debt in 1Q20, offset by the lower impact of foreign exchange variation.

R\$ million	1Q21	1Q20	Δ
<b>Foreign exchange variation</b>	<b>(1.6)</b>	<b>(12.4)</b>	<b>-87.1%</b>
<b>Total financial expenses</b>	<b>(53.0)</b>	<b>(44.9)</b>	<b>18.0%</b>
Interest on loans	(12.8)	0.0	-R\$12.8
Interests on leases	(31.8)	(32.8)	-3.0%
Interest on taxes and contingencies	(3.6)	(5.8)	-37.9%
Other financial expenses	(4.8)	(6.3)	-23.8%
<b>Total financial revenue</b>	<b>16.3</b>	<b>18.4</b>	<b>-11.4%</b>
interests	12.5	9.4	33.0%
Other financial revenue	3.8	9.0	-57.8%
<b>Net financial result</b>	<b>(38.3)</b>	<b>(38.9)</b>	<b>-1.5%</b>

# NET PROFIT.

C&A had net losses of R\$ 138.5 million in 1Q21, a performance 150.0% worse than 1Q20. Net margin was -17.8%, a 12.1 pp drop.

R\$ million except margin	1Q21	1Q20	Δ
Net profit (losses)	(138.5)	(55.4)	150.0%
Net margin	-17.8%	-5.7%	-12.1 p.p.



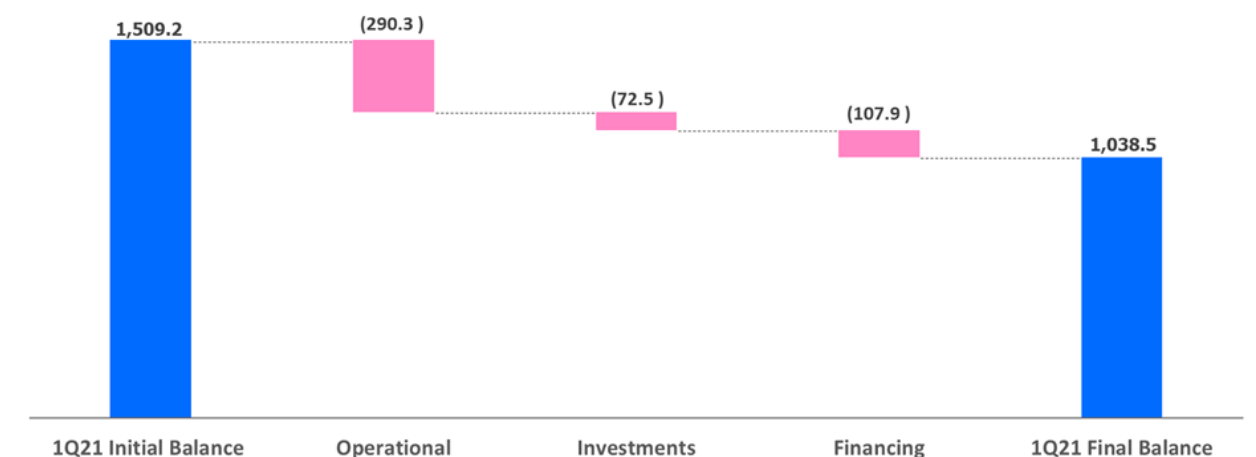
# ADJUSTED FREE CASH FLOW.

C&A consumed R\$ 464.8 million in cash in 1Q21. The main impact was working capital, with more cash used for suppliers and inventories due to the impact of Covid-19 on our sales this quarter.

R\$ million	1Q21	1Q20	△
<b>Pro forma (Loss) Income before Taxes</b>	(193.6)	(81.2)	138.3%
Depreciation and Amortization	57.0	60.2	-5.4%
(+/-) Others	(20.6)	12.4	-RS33.0
<b>Non-cash Adjustment</b>	36.4	72.7	-50.0%
<b>Income tax and social contribution paid</b>	(1.8)	(20.4)	-91.2%
<b>Working Capital</b>	(233.2)	(105.5)	121.0%
Trade Receivables	487.4	464.1	5.0%
Inventories	(304.3)	(249.0)	22.2%
Trade Payables	(242.2)	(177.3)	36.6%
Others	(174.1)	(143.2)	21.5%
<b>Cash originated from operational activities</b>	(392.3)	(134.6)	191.6%
<b>(-) CAPEX</b>	(72.5)	(32.6)	122.6%
<b>(a) Adjusted Free Cash Flow</b>	(464.8)	(167.1)	178.1%

# CHANGE IN CASH POSITION – 1Q21.

Looking at changes in the quarter, we find that most of the cash used, or R\$ 290.3 million, went for operating activities.





# INVESTMENTS.

R\$ 70.7 million were invested this quarter, 111% more than in 1Q20. As mentioned, this year we will invest significant amounts in the different levers that compose our growth plan.

In 1Q21 the most important levers were opening new stores, which has resumed, and Digital and Technology. The main project of impact this quarter was the implementation of our new CRM to manage our sales force.

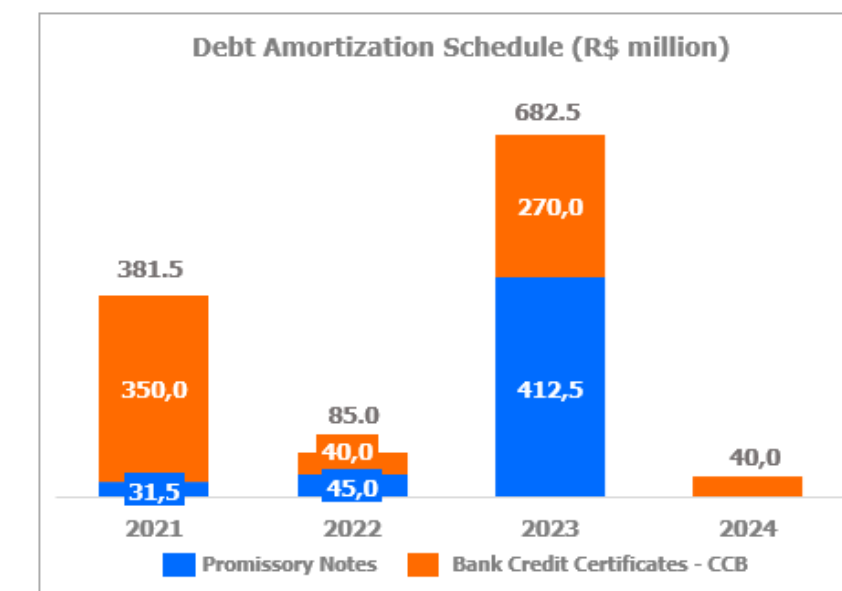
R\$ million	1Q21	1Q20	△
<b>Total Investments*</b>	<b>70.7</b>	<b>33.5</b>	<b>111.0%</b>
New Stores	27.1	7.5	261.8%
Remodelling and maintenance	3.7	14.4	-74.1%
Supply Chain	14.3	2.1	581.4%
Digital	25.5	9.5	168.7%

\*The investment value corresponds to the investments acquired in the period, but not necessarily paid. The amount paid (cash outflow) is reported in the cash flow from investment activities

# INDEBTEDNESS.

C&A ended the 1Q21 with a total gross debt of R\$ 1.2 billion and net debt of R\$ 180.6 million. The total debt has an average maturity of 2.32 years, and an average all-in cost of CDI + 2.33%.

R\$ million	1T21	1T20	△
<b>Gross Debt</b>	<b>1,219.1</b>	<b>0.0</b>	<b>R\$1,219.1</b>
Short-term debt	417.7	0.0	R\$417.7
Long-term debt	801.4	0.0	R\$801.4
<b>(-) Cash and cash equivalents</b>	<b>1,038.5</b>	<b>280.0</b>	<b>270.9%</b>
<b>(=) Net Cash (Debt)</b>	<b>(180.6)</b>	<b>280.0</b>	<b>-R\$460.5</b>



*The amortization schedule refers to the principal only and excludes interest.*

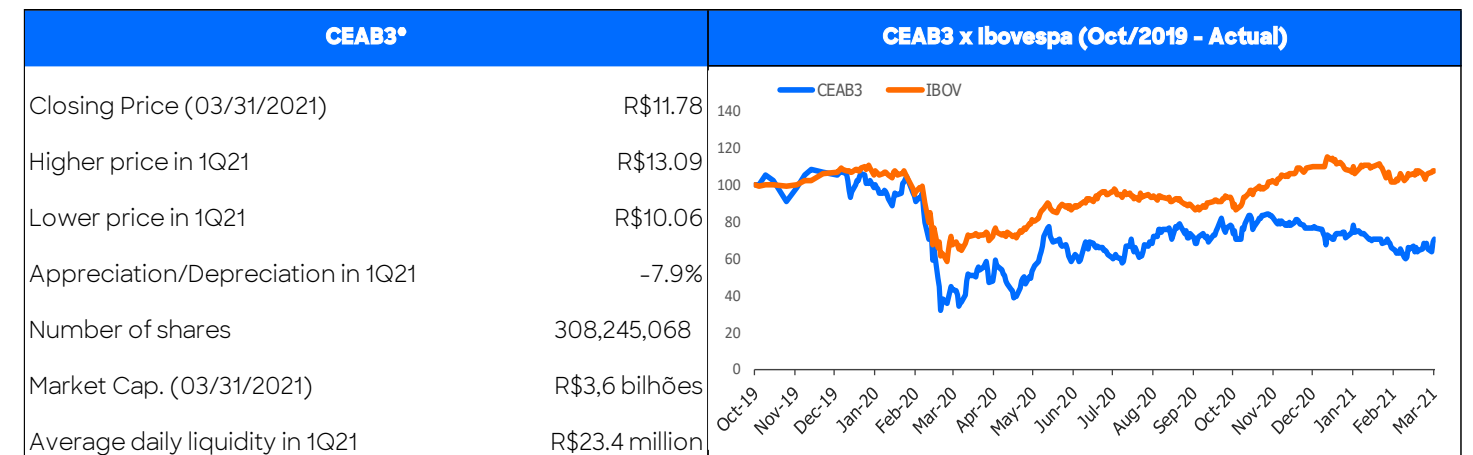


# CAPITAL MARKET.

C&A joined the B3 "Novo Mercado" on 28 October 2019, at a starting share price of R\$ 16,50.

The average daily volume traded in 1Q21 was R\$ 25.4 million, with a 7.9% loss in value of the shares. On March 31, 2021 the company's market cap was R\$ 3.6 billion.

The Company's capital stock is 308,245,068 common shares, with 34.5% free-float. The Company's free-float and its main shareholders on March 31, 2021 are described below:



\*Source: Infomoney, 03/31/2021

Stockholding structure	Number of Shares (ON)	% of total
Controlling shareholder	201,319,336	65.3%
Verde Asset Management S.A.	15,888,100	5.2%
Management	531,097	0.17%
Others	90,506,535	29.4%
Total	308,245,068	100.0%



# ATTACHMENTS.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

R\$ million	03/31/2021	12/31/2020
<b>Total Assets</b>	<b>6,797.6</b>	<b>7,309.6</b>
<b>Current Assets</b>	<b>2,968.6</b>	<b>3,520.0</b>
Cash and cash equivalents	1,038.5	1,509.2
Trade receivables	576.9	1,063.8
Derivatives	4.7	0.2
Related Parties	0.2	0.1
Inventories	939.0	641.0
Taxes recoverable	353.9	271.7
Income tax recoverable	11.0	10.9
Other assets	44.4	22.9
<b>Noncurrent Assets</b>	<b>3,828.9</b>	<b>3,789.7</b>
<b>Long term Assets</b>	<b>1,371.4</b>	<b>1,313.0</b>
Taxes recoverable	1,153.8	1,157.4
Deferred taxes	136.8	71.5
Judicial deposits	78.9	81.5
Related Parties	0.2	0.0
Other assets	1.7	2.7
Investment	660.1	667.2
Right-of-use assets	1,481.9	1,514.4
Intangible asset	315.5	295.0

R\$ million	03/31/2021	12/31/2020
<b>Total liabilities and shareholder's equity</b>	<b>6,797.5</b>	<b>7,309.6</b>
<b>Current Liabilities</b>	<b>1,975.0</b>	<b>2,251.7</b>
Lease liabilities	411.6	390.6
Loans	417.7	390.6
Trade payables	919.0	1,158.9
Derivatives	0.2	6.8
Labor Liabilities	111.6	136.1
Related Parties	65.1	34.8
Interest on shareholders' equity and dividends payable	0.0	0.0
Taxes Payable	16.3	107.0
Income Tax payable	0.5	0.3
Other liabilities	33.0	26.6
<b>Noncurrent liabilities</b>	<b>2,298.1</b>	<b>2,403.1</b>
Lease liabilities	1,224.7	1,264.2
Trade payables	20.8	24.8
Loans	801.4	820.7
Labor Liabilities	4.7	4.4
Labor, Civil, Security and Tax Provisions	188.2	230.1
Taxes payable	25.1	25.0
Other liabilities	33.2	33.9
<b>Equity</b>	<b>2,524.4</b>	<b>2,654.8</b>
Capital stock	1,847.2	1,847.2
Capital reserves	20.3	19.4
Accumulated profits (Losses)	(139.4)	-
Profit Reserve	793.4	792.6
Other comprehensive income (loss)	3.0	(4.3)

# ATTACHMENTS.

## CONSOLIDATED STATEMENT OF EARNINGS.

R\$ million	1Q21	1Q20	△
<b>Net Operational Revenue</b>	<b>776.1</b>	<b>976.9</b>	<b>-20.6%</b>
<i>Apparel</i>	565.5	713.7	-20.8%
<i>Fashiontronics</i>	142.9	191.8	-25.5%
Revenue from Merchandise Sales	708.4	905.4	-21.8%
<b>Financial Services - Bradescard Partnership</b>	<b>62.5</b>	<b>68.2</b>	<b>-8.4%</b>
<b>Other Commissions Revenue</b>	<b>5.2</b>	<b>3.2</b>	<b>62.5%</b>
<b>Cost of sales and services rendered</b>	<b>(425.1)</b>	<b>(500.5)</b>	<b>-15.1%</b>
<b>Gross Profit</b>	<b>351.0</b>	<b>476.3</b>	<b>-26.3%</b>
<i>Apparel</i>	262.5	373.1	-29.6%
<i>Fashiontronics</i>	26.3	40.9	-35.7%
Gross Profit of Goods	288.8	414.0	-30.2%
Financial Products - Bradescard Partnership	62.2	67.9	-8.4%
Other Commissions Gross Profit	(0.1)	(5.5)	-98.2%
<b>Operating (expenses) income</b>	<b>(520.1)</b>	<b>(526.3)</b>	<b>-1.2%</b>
General and Administrative expenses	(78.1)	(109.3)	-28.6%
Selling expenses	(448.4)	(413.2)	8.5%
Other net operating income (expenses)	6.4	(3.8)	R\$10.2
<b>Operating profit</b>	<b>(169.1)</b>	<b>(49.9)</b>	<b>238.9%</b>
<b>Net Finance Results</b>	<b>(38.3)</b>	<b>(38.9)</b>	<b>-1.5%</b>
<b>Foreign exchange variation</b>	<b>(1.6)</b>	<b>(12.4)</b>	<b>-87.1%</b>
<b>Total Finance Expenses</b>	<b>(53.0)</b>	<b>(44.9)</b>	<b>18.0%</b>
Interest on loans	(12.8)	0.0	-R\$12.8
Interests on Leases	(31.8)	(32.8)	-3.0%
Interest on taxes and contingencies	(3.6)	(5.8)	-37.9%
Other Financial Expenses	(4.8)	(6.3)	-23.8%
<b>Total Financial Revenue</b>	<b>16.3</b>	<b>18.4</b>	<b>-11.4%</b>
Interests	12.5	9.4	33.0%
Other Financial Expenses	3.8	9.0	-57.8%
<b>Income before taxes</b>	<b>(207.4)</b>	<b>(88.8)</b>	<b>133.5%</b>
Income taxes	68.8	33.5	105.4%
<b>Net Income (loss) for the period</b>	<b>(138.5)</b>	<b>(55.3)</b>	<b>150.0%</b>
(+) Income Tax	(68.8)	(33.5)	105.4%
(+/-) Net Financial Result	38.3	38.9	-1.6%
(+) Depreciation and Amortization	131.7	128.1	2.8%
<b>(-) EBITDA</b>	<b>(37.3)</b>	<b>78.1</b>	<b>-R\$115.4</b>
(+/-) Other net operating income (expenses)	(2.0)	4.3	-R\$6.3
(+) Financial Income of Supplier	3.6	8.6	-58.1%
(-) Tax Credit Recovery	(4.4)	(0.5)	780.0%
(-) Commercial Lease Payments	(93.7)	(86.3)	8.6%
<b>(-) Adjusted EBITDA</b>	<b>(133.8)</b>	<b>4.2</b>	<b>-R\$138.0</b>



# ATTACHMENTS.

## CONSOLIDATED CASH FLOW.

R\$ million	1T21	1T20
<b>Operating Activities</b>		
<b>Income (loss) before income tax</b>	<b>(207.4)</b>	<b>(88.9)</b>
<b>(+)Adjustments to reconcile income taxes to net cash flow:</b>	<b>152.1</b>	<b>174.8</b>
Depreciation and amortization	57.0	60.2
Depreciation of right of use asset	82.1	74.3
Losses on sale or disposal of property and equipment and intangible assets	0.3	3.5
Impairment on property and equipment and intangibles and right of use	0.0	2.9
Provisions for expected credit losses	0.5	(0.1)
Adjustment to present value of trade receivables and suppliers	(0.9)	(2.8)
Expenses with stock-based compensation	0.9	1.5
Provisions (reversals) for tax, civil and labor risks	(37.8)	(1.5)
Judicial deposits	(0.3)	(0.5)
Provisions for inventory losses	6.3	9.5
Interest on leases	33.6	34.5
Interest on loans	12.8	0.0
Amortization transaction costs of loans	0.8	0.0
Gains on lawsuits - previously unused PIS/COFINS credits	(3.4)	(6.7)
<b>(+)Working capital adjustments</b>	<b>(235.0)</b>	<b>(126.0)</b>
Trade receivable	487.4	464.1
Related parties	30.1	74.6
Inventories	(304.3)	(249.0)
Taxes recoverable	(75.4)	(21.1)
Other assets	(20.1)	(18.9)
Judicial deposits	2.7	(0.9)
Trade Payables	(242.2)	(177.3)
Labor liabilities	(24.3)	(4.4)
Other liabilities	5.6	1.4
Provisions for tax, civil and labor proceedings	(4.1)	(3.1)
Taxes payable	(88.7)	(170.9)
Income tax paid	(1.8)	(20.4)
<b>(-)Net cash flows from operating activities</b>	<b>(290.3)</b>	<b>-40.1</b>
<b>(+)Investment Activities</b>	<b>(72.5)</b>	<b>(32.6)</b>
Purchase of property and equipment	(40.3)	(32.6)
Purchase of intangible assets	(32.3)	0.0
Receivables from the sale of property and equipment	0.08	0.0
<b>Cash flow used in investment activities</b>		
<b>(+)Financing Activities</b>	<b>(107.9)</b>	<b>(94.4)</b>
Loan transaction costs	(0.0)	0.0
Interest paid on loans	(5.8)	0.0
Repayments and interest paid on leases	(102.0)	(94.4)
Interest on shareholder's equity paid	(0.0)	0.0
<b>Net cash flows obtained from (used in) financing activities</b>	<b>(107.9)</b>	<b>(94.4)</b>
<b>(-)Increase (Decrease) in cash and cash equivalents</b>	<b>(470.7)</b>	<b>(167.1)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,509.2</b>	<b>447.1</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,038.5</b>	<b>280.0</b>





# GLOSSARY OF TERMS

**1P:** Goods in our own inventory marketed by our e-commerce.

**3P:** Third-party (seller) goods marketed by our e-commerce.

**Click and Collect:** A solution whereby customers can buy online and collect their goods in one of our B&M stores.

**Fashiontronics** Electronics and other related goods such as smartphones, tablets, watches and accessories. This includes earphones/pods and chargers. More recently beauty items and cosmetics were added to the category.

**Galeria C&A:** C&A Marketplace.

**GMV (Gross Merchandise Volume):** The total amount in Reals (R\$) sold by our e-commerce, including 1P and 3P goods.

**Hunting and Farming:** Prospecting and maintaining partner sellers for our marketplace.

**Lead time:** This is the time it takes for raw materials or goods to be delivered to C&A from the supplier once they are ordered.

**HUB stores:** B&M stores in privileged locations that work as hubs to ship goods to customers.

**MAU (Monthly Active Users):** Monthly Active Users measures how many users used our app for any action in the past 30 days.

**Mindse7:** Launched in November 2018, Mindse7 is a digital native project that presents weekly collections inspired on the main conversations and trends on the streets and on social networks, using a co-creation model between a multidisciplinary team comprised of C&A and its suppliers. Focusing on versatile, timeless items aligned to the desires of Brazilian women, it has already launched some 200 collections, always focusing on innovative offerings of diverse and inclusive fashion for all styles, bodies and ages.

**Onboarding:** System, product and process integration.

**Push and pull:** A supply model that consists in replacing individual SKUs of different models, sizes and colors in our B&M stores according to demand, making service to the demand for our fashion items more efficient.

**RFID (Radio-Frequency Identification):** enables identifying and locating each SKU in both stores and DCs.

**Seller:** partner sellers who market our goods on our marketplace.

**Ship-from-Store:** transforming B&M stores into distribution centers, shipping goods purchased on our e-commerce directly to customers.

**SKU : Stock keeping unit**

**Social selling:** A process whereby relationships are developed and sales made using social networks.

**Sorter:** Individual sorting/picking equipment.

**SSS:** Same store sales Growth in same store sales. This is comprised of sales in stores in activity for more than 13 months compared to the same period in the previous year. It includes all forms of e-commerce sales and deliveries (100% online, ship-from-store and click-and collect).

**Supply:** Supply chain

**WhatsApp sales:** A type of online sale where C&A associates interact with customers using WhatsApp.

**WMS:** Warehouse management system, an inventory management tool





ABOUT  
**C&A.**



C&A is a fashion company focused on suggesting experiences that go beyond dressing. Established in the Netherlands in 1841 by Clemens and August, C&A believes in and defends Fashion as one of the most fundamental channels for people to connect with themselves and those around them. For this reason, C&A customers are the core of its strategy. C&A is one of the world's leading fashion retailers and has been in Brazil since 1976, when it opened its first store in Shopping Ibirapuera in São Paulo. On March 31, 2021 there were 297 stores in operation, with a total sales area of around 562 thousand square meters, plus its e-commerce. The Company has been listed on the Brazilian B3 exchange since October 2019 and innovates by offering digital and omnichannel services and solutions to expand customer online and offline experiences. With over 14 thousand employees all over Brazil, C&A offers young, innovative, diverse and inclusive fashion for women, men and children. It also offers a line of Fashiontronics with a wide array of cell phone and smartphones, and has just added beauty care to its range. On 2021 it committed to becoming C&A Fashion Tech, and in the coming years aims to become the digital fashion company that best understands Brazilian women, with B&M stores and a lot of emotional connection.







# EARNINGS RELEASE

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**1Q21**



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